



DENISE MERRILL

SECRETARY OF THE STATE
CONNECTICUT

Good Morning Chairman Slossberg, Chairman Morin, ranking members and other distinguished members of the Government Administration and Elections Committee. For the record, my name is James Spallone, and I am Deputy Secretary of the State. Unfortunately Secretary Merrill could not be here today, and she sends her regrets. Thank you for the opportunity to testify before you today.

SB 1059: "An Act Implementing the Recommendations of the Commission on Enhancing Agency Outcomes."

This bill proposes a number of changes that should make our state government both more efficient and affordable.

Let me briefly address each of the sections that impact the office of the Secretary of the State, after which I can answer any questions you may have.

Section 256

State law now requires that the Secretary of the State's office produce seven bound copies of every piece of proposed legislation and send it to the State Library, the Library of Congress, and five other law libraries and universities. This printing is both unnecessary and, Secretary Merrill would argue, a waste of resources. Secretary Merrill supports amending this section of the bill to reduce rather than eliminate the distribution of file copies to depository libraries. In fact, our office made that recommendation to the Task Force to Study Converting Legislative Documents from Paper to Electronic Form, after consulting with the affected depository libraries.

Specifically, our office and the affected depository libraries recommended that file copies continue to be provided to the State Library and the University of Connecticut Law School Library, so that a reliable, authentic and preserved print record of this important piece of legislative history continues to be available to the legal community and the public. The Task Force adopted our recommendation to reduce rather than eliminate the file copy distribution, and it also noted that development of policies and procedures to ensure the preservation of electronic-only legislative documents needs additional study.

Section 257

This section does contain some cost savings for taxpayers and Secretary Merrill supports it in principle. Currently, state law requires that the Secretary of the State send notice to members of the General Assembly of an impending special session by mail and also requires a certificate of mailing to be received with each bulk shipment of notices. In the past, the Secretary of the State's office had proposed eliminating the mailing altogether, which would also do away with the cost and necessity of the certificate of mailing. This bill does away with the certificate of mailing, but does keep the requirement to mail by first class mail the notice of a special session. We estimate that this section of the bill brings a small cost savings of \$8.00 per mailing to taxpayers and there would also be some streamlining and efficiency that goes along with it.

I would argue that we could go further than this and be even more effective in our notice of special session. Let me give you an example. How many members of the committee remember *first being notified* of an impending special session through receiving the postcard in the mail? As you know, most of the time, members of the General Assembly are notified through their caucus leaders by email, telephone, or through the media. It begs the question: Do we really need to send notices through the regular mail of an impending special session? Can this be done by email or inter-office mail to legislators' offices, at no cost to taxpayers? If you don't have email, individually, each of you has an aide that our office can correspond with. Electronic or inter-office mail notification would not only eliminate the approximately \$100 cost of mailing post cards through the U.S. Postal Service, but it would also eliminate the far more costly scenario of short notice of a special session.

Under our current state law, if the special session is called with less than 7-10 days notice, the Secretary of the State's office can no longer use mail. In fact, we are required to serve these notices in person using state troopers, marshalls, constables or police officers. This happened in 2007 and the cost to taxpayers was \$125,000. That is totally unnecessary, and so is putting these notices through the mail. We can email people the notice of special session and everyone will receive it.

Section 258

As you know, other commissioners and state employees file financial disclosure documents with the Office of State Ethics and not with the Secretary of the State's office. This section would conform the Department of Public Utility Control to the common practice of all other state agencies.

Sections 259-278

These sections impact the Commercial Recording Division of the Office of the Secretary of the State. **The secretary supports this proposal generally.** In past legislative sessions, the

Commercial Recording Division proposed bills with very similar provisions to those contained in Sections 259 through 278, and those prior bills had wide support in the General Assembly. **However, it should be noted that an updated version of the bill is currently in the Judiciary Committee, and it is titled "AAC Business Entity Filings."** The bill has been raised but a bill number has not yet been assigned.

Both bills provide for mandatory online filing of annual reports. This will be more efficient and save the state money in printing and mailing costs.

There are some points of variation between the relevant sections of SB 1059 and the version raised by the Judiciary Committee. The version raised by Judiciary represents the most up to date thinking of the Office of the Secretary and the Commercial Recording Division. Those differences are noted below:

- **EFFECTIVE DATES:** SB 1059 employs an effective date of October 1, 2011, while the Judiciary bill entitled "AAC Business Entity Filings" has an effective date of January 1, 2012. With the passage of a year since the last attempt to pass this legislation (and a changed budgetary outlook), it would be difficult for the agency to be prepared to enact all of the specified changes by the October 1, 2011 effective date. The Secretary is comfortable with a January 1, 2012 effective date, as proposed in the Judiciary bill.
- **FILING WINDOW:** SB 1059 calls for a filing window wherein all entities would file their annual reports within a three-month span. The Judiciary version of the bill eliminates the three-month filing window for annual reports. The three-month window is no longer necessary due to the elimination of a late filing penalty provision that was removed at the request of some legislators in a previous legislative session. To keep the window filing period in place absent a late filing fee could create workflow problems by concentrating the receipt of annual reports into a three-month period rather than throughout the year as is now the case, and with no revenue benefit. Secretary Merrill now favors a version of the bill that removes the filing window period and permits filing to occur throughout the year.
- **STATUTORY AGENTS FOR LLPs:** SB 1059 does not include a section that provides for the assignment/resignation of statutory agents for limited liability partnerships, while the Judiciary bill, "AAC Business Entity Filings," does. This provision would conform the LLP statute to the other entity statutes and thus cure a prior drafting oversight.

Section 314

Secretary Merrill supports this section. Repeal of Section 3-84 is consistent with the recommendation our office made to the Task Force to Study Converting Legislative Documents from Paper to Electronic Form and will save taxpayers a total of \$50,000 annually in printing and mailing costs for the "Public Acts from Passage." The Task Force adopted our recommendation to repeal Connecticut General Statutes Section 3-84.